

VZCZCXRO4995  
PP RUEHAG RUEHBI RUEHCI RUEHLH RUEHPW RUEHROV  
DE RUEHAH #0626 1361019  
ZNY CCCCC ZZH  
P 151019Z MAY 08  
FM AMEMBASSY ASHGABAT  
TO RUEHC/SECSTATE WASHDC PRIORITY 0800  
INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE PRIORITY  
RUCNCIS/CIS COLLECTIVE PRIORITY  
RUCNMEM/EU MEMBER STATES COLLECTIVE PRIORITY  
RUEHAD/AMEMBASSY ABU DHABI PRIORITY 0325  
RUEHAK/AMEMBASSY ANKARA PRIORITY 3764  
RUEHBJ/AMEMBASSY BEIJING PRIORITY 1582  
RUEHKL/AMEMBASSY KUALA LUMPUR PRIORITY 0126  
RUEHKO/AMEMBASSY TOKYO PRIORITY 1449  
RUEHIT/AMCONSUL ISTANBUL PRIORITY 2018  
RUEHBS/USEU BRUSSELS PRIORITY  
RHMFISS/CDR USCENTCOM MACDILL AFB FL PRIORITY  
RUEAIIA/CIA WASHDC PRIORITY  
RHEFDIA/DIA WASHDC PRIORITY  
RUEKJCS/JOINT STAFF WASHDC PRIORITY  
RHEHNSC/NSC WASHDC PRIORITY  
RUEKJCS/SECDEF WASHDC PRIORITY  
RUCPDOG/DEPT OF COMMERCE WASHDC PRIORITY  
RHEBAAA/DEPT OF ENERGY WASHDC PRIORITY

C O N F I D E N T I A L ASHGABAT 000626

SIPDIS

STATE FOR SCA/CEN, EEB  
PLEASE PASS TO USTDA DAN STEIN  
USEU FOR AMBASSADOR GRAY  
ENERGY FOR EKIMOFF/THOMPSON  
COMMERCE FOR HUEPER

E.O. 12958: DECL: 05/15/2018  
TAGS: [PREL](#) [EPET](#) [TX](#)  
SUBJECT: TURKMENISTAN: CHEVRON UPDATE

REF: A. ASHGABAT 0588

[1](#)B. ASHGABAT 0365

Classified By: CDA Richard E. Hoagland: 1.4(B), (D).

[1](#)1. (C) During a May 14 briefing to update the Charge on the current state of play of Chevron's bid to produce deep sub-salt natural gas in Turkmenistan's Amu Darya basin, Chevron Country Manager Doug Uchikura repeated most of the information contained Ref A. However, he added that Chevron is drafting an operating services agreement (OSA) as a more detailed follow-on to their previous indicative bid to begin negotiations. Uchikura emphasized Chevron is focusing solely on the onshore possibility, even through Turkmenistan continues to insist it will allow no new production sharing agreements (PSAs) onshore. From the beginning, Chevron has said it can be flexible to craft a final contract that would not be a PSA, which would be traditional and ideal, but also would not be simply a service contract, which Turkmenistan so far demands onshore but which would not interest Chevron. So far, Turkmenistan has not outright rejected Chevron's concept of an OSA, but, Uchikura said, the sticking point is the U.S. Securities and Exchange Commission requirement that a U.S. energy firm show "booked reserves." Uchikura said he still needs to convince his skittish Turkmen interlocutors that Chevron would not "own" the booked reserves. Further, he needs to wear down the old guard, like Deputy Prime Minister for Oil and Gas Tachberdi Tagiyev, who continue to insist "only service contracts onshore."

[1](#)2. (C) Uchikura also told the Charge that German oil firm Wintershall had approached Chevron about a possible partnership (see Ref B for Wintershall's perspective on this issue). Chevron's general model is to develop partnerships, and it is considering a number of options in Turkmenistan, including a possible arrangement with China National Petroleum Corporation. While Chevron is interested in a

possible partnership with Wintershall, it has not made a commitment because Chevron still does not know whether the Government of Turkmenistan will impose a partner as a condition for Chevron getting a contract. Chevron first wants to square things with the government before considering other business arrangements. Uchikura also reiterated to the Charge -- as he did on May 6 to EmbOff -- that Chevron would very much like to see President Berdimuhamedov receive an invitation to Washington to meet President Bush. Chevron hoped that such an invitation could be timed to coincide with the signing of a Chevron contract.

13. (C) COMMENT: Unlike other major U.S. oil companies wishing to produce natural gas in Turkmenistan, Chevron has gone out of its way to keep Post well briefed-in on the current state of play of its efforts. This may be due in large part to Chevron's recognition that it will need U.S. government assistance as it tries to do something well outside of the Government of Turkmenistan's current comfort zone. END COMMENT.  
HOAGLAND